

Amendment No. 1 to SB2849

Bailey
Signature of Sponsor

AMEND Senate Bill No. 2849

House Bill No. 2161*

by deleting all language after the enacting clause and substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 7, Part 1, is amended by adding the following as a new section:

(a) For purposes of this section:

(1) "Casualty insurance" has the same meaning as defined in § 56-2-201;

(2) "Certificate of insurance":

(A) Means a document or instrument prepared or issued by an insurer or insurance producer as evidence of property or casualty insurance coverage; and

(B) Does not include a policy of insurance, insurance binder, policy endorsement, or automobile insurance identification or information card;

(3) "Governmental entity" means any political subdivision of this state, including, but not limited to, any incorporated city or town, metropolitan government, county, utility district, or school district;

(4) "Insurance producer" means a person licensed to sell, solicit, or negotiate property or casualty insurance under the laws of this state;

(5) "Insurer" means a person duly licensed to transact a property or casualty insurance business in this state;

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(6) "Person" means any individual, partnership, corporation, association, or other legal entity, including any governmental entity; and

(7) "Property insurance" has the same meaning as defined in § 56-2-201.

(b) A certificate of insurance is not a policy of insurance and does not amend, extend, or alter the coverage afforded by the policy to which the certificate of insurance refers. A certificate of insurance does not confer any rights beyond what the referenced policy of insurance expressly provides.

(c) A person shall not:

(1) Prepare, issue, request, or require the issuance of a certificate of insurance that contains any false or misleading information concerning the policy of insurance referenced in the certificate of insurance;

(2) Prepare, issue, request, or require the issuance of a certificate of insurance that purports to alter, amend, or extend the coverage provided by the policy of insurance referenced in the certificate of insurance; or

(3) Alter or modify a certificate of insurance after issuance.

(d) A certificate of insurance must not warrant that the policy of insurance referenced in the certificate of insurance complies with the insurance or indemnification requirements of a contract. The inclusion of a contract number or description within a certificate of insurance does not warrant that the policy of insurance referenced in the certificate of insurance complies with the insurance or indemnification requirements of a contract.

(e) An insurer must provide a person with notice of a cancellation, nonrenewal, material change, or any similar notice concerning a policy of insurance only if the person has a right to the notice under the terms of the policy of insurance, an endorsement to the policy, or state law. The policy of insurance, an endorsement to a policy of insurance, and state law govern the terms and conditions of any notice under this subsection (e), including the required timing of the notice.

(f) This section applies to all certificates of insurance issued in connection with property insurance or casualty insurance risks located in this state, regardless of where the policyholder, insurer, insurance producer, or person requesting or requiring the issuance of a certificate of insurance is located.

(g) A certificate of insurance, or any other document or correspondence relative to a certificate of insurance, prepared, issued, requested, or required in violation of this section is void.

(h) The commissioner, in accordance with § 56-6-120, may examine and investigate the activities of any person that the commissioner reasonably believes engaged in, or is currently engaging in, an act or practice prohibited by this section.

(i) If a person intentionally violates this section, then the commissioner may take any of the following actions:

(1) Issue an order requiring the person to cease and desist from the actions constituting the violation; and

(2) Assess a civil penalty of not more than one thousand dollars (\$1,000) per violation.

(j) This section does not limit the authority of the commissioner to investigate conduct, enforce compliance, or issue penalties under this title.

(k) The commissioner may promulgate rules pursuant to the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, to carry out this section.

SECTION 2. For the purpose of promulgating rules, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes, this act shall take effect July 1, 2020, the public welfare requiring it, and applies to certificates of insurance executed, amended, or renewed on or after that date.